

BANKRUPTCY OF TIMBER SALE CONTRACTOR

Rumors of possible bankruptcy of a timber sale contractor should be investigated. Reasonable effort should be made to establish the facts. If necessary, the contractor should be contacted.

The following procedure should be followed if the Department becomes aware of a bankruptcy or the Department has received formal notice.

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| Property Superintendent | <ol style="list-style-type: none"><li>1. Stops all sale activities by notifying the Contractor verbally and confirming it in writing.</li><li>2. Notifies the Forest Tax Section and Bureau of Legal Services, Madison; include the following:<ol style="list-style-type: none"><li>a. Name and address of the contractor.</li><li>b. State property and timber sale number involved.</li><li>c. Financial status of the sale by sending copy of the ledger.</li><li>d. Method of performance bonding; cash, assurance bonding, or irrevocable letter of credit.</li><li>e. Name and address of contractor, trustee, and contractor's lawyer.</li></ol></li></ol> |
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After timber sale operations have been stopped, reasonable effort should be made to prevent unauthorized removal of forest products from state property. Only with the consent of the court appointed trustee and Bureau of Legal Services should products be removed.

If the contractor has equipment or other property on state land, the property superintendent should contact the court appointed trustee. The trustee should be requested both verbally and in writing to arrange for prompt removal of the equipment or other property from state land.

Final disposition of the timber sale will be determined by the trustee and Bureau of Legal Services.